



**MINUTES OF THE FINANCE AND RESOURCES COMMITTEE MEETING HELD  
ON 5 OCTOBER 2021 AT 1.00 PM REMOTELY VIA MS TEAMS**

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**MINUTES OF THE FINANCE AND RESOURCES COMMITTEE  
MEETING HELD ON 5 OCTOBER 2021 AT 1.00 PM IN REMOTELY  
VIA MS TEAMS**

Present: Martyn Marples (Chair), Andrew Cochrane, Phil Dover, Mandie Stravino

In attendance: Iain Baldwin (Director of Estates)  
Bernadette Doyle (Executive Director of HR)  
Richard Eaton (CFO)  
Ian McCormick (Director of IT)  
Heather Simcox (Deputy CEO)  
Rose Matthews (Clerk)

	Action	Date
<b>01/21-22 APPOINTMENT OF CHAIR</b>  Martyn Marples was elected Chair of the Committee.		
<b>02/21-22 APOLOGIES FOR ABSENCE</b>  There were no apologies for absence.		
<b>03/21-22 DECLARATIONS OF INTEREST, CONFIRMATION OF ELIGIBILITY AND QUORUM</b>  All members were eligible and the meeting was confirmed to be quorate.  There were no new declarations from the annual register.		
<b>04/21-22 TERMS OF REFERENCE</b>  The Clerk had prepared draft terms of reference for review by the Committee.  <b>RECOMMENDED:</b> Subject to minor revisions, the Committee recommended the Terms of Reference for approval at the Corporation meeting on 18 October 2021.		
<b>05/21-22 FINANCE REPORT, INCLUDING;</b> <ul style="list-style-type: none"><li><b>MANAGEMENT ACCOUNTS</b></li></ul> The CFO presented an overview of the financial position.  In reviewing the draft set of Period 12 Management Accounts, alongside the draft year end, there had been		

no significant changes other than the outcome of the restructure, release of Lennartz provision and increase to the provision for dilapidations at the Johnson Building.

Members were asked to recall initially the ESFA started out with a 3% tolerance in relation to clawback. The deadline for the business case was 7 October and the CFO was liaising with counterparts at other colleges to discuss the approach. The basis of the case would be around spent cost rather than lost income.

The Chair questioned what the strength of the case would be. The CFO clarified the Group could show the impact of Covid particularly around Christmas to March. This had impacted on ESOL enrolment and it was clear it had impacted the business, affecting enrolments and the financial position. With non-essential retail closed, this impacted on the national retail provision. He explained it was important to evidence where the Group was affected and where more costs were spent.

The Deputy Chief Executive explained there had been more costs due to leasing two properties dedicated to the adult provision, which the Group had to pay despite being unable to run courses.

The Chair went on to question non-pay costs in the Period 11 accounts. They showed a favourable variance in non-pay, he asked if that would be a potential strategy moving forward once everyone was back on site and if some courses were ran online. The Deputy Chief Executive explained it related to materials, for example, construction students weren't doing practical work. She said they were finding material costs had increased since Covid and would argue it was a one off variance. Although the Group were looking at a hybrid approach, they did not foresee a reduction in material costs.

Phil Dover referenced financial health scores and commented on adjusted current ratio, the committee discussed this with the CFO and it was noted this would stay as good against the current financial health grading.

For the 2021-22 financial year an update was provided on enrolment figures with 16-18 on track and the apprenticeship pipeline strong.

Payroll was in line with forecast and down from July due to the restructuring exercise.

The Health and Social Care Levy would apply to the Group from April 2022, and risks were also shared in relation to the tenancy of the Johnson Building, alongside the increasing cost of utilities.

The Committee clarified the fixed term period and value for the utilities.

<p>The CFO would be able to present a estimates at the next meeting, once the October spending review had taken place.</p> <p>Andrew Cochrane asked if here was anything he should necessarily be worried out. The CFO said 16-18 enrolments were good and he would be able to provide more information at the next meeting once the spending review had taken place.</p>	CFO	23/11
<p>The Chair asked that an update on revised FE Commissioner benchmarks be included in the report for the future.</p>	CFO	23/11
<p><b>06/21-22 PEOPLE REPORT, INCLUDING LEGAL UPDATE</b></p>		
<p>The Executive Director for HR summarised the main challenges of the previous year and discussed the progress toward the Human Resources Strategy, Strategic Ambitions.</p> <p>She highlighted the challenge and risk in terms of pay and conditions and the impact this had within regards to retaining and attracting employees. An already difficult market to compete in was being hit even harder by what was happening nationally.</p> <p>The Chair asked about the action plan in place. It was noted initial discussions had taken place in terms of pay. The increase to national insurance and national living wage would create significant problems at the lower end of the pay rate. Options with regard to alternative strategies were shared. He asked that further details with regard to the action plan be shared at the next meeting.</p>		
<p>The Chair asked if there was a problem with freedom around market supplement. It was clarified the Group was not restricted by regulation but had to be mindful of equal pay and equity issues.</p>	BD	<b>23/11/21</b>
<p>The issues were the differentials at the bottom of the pay scale, which were becoming increasingly difficult, particularly with estimates predicting an increase of 2.5%.</p>		
<p>Andrew Cochrane questioned if a plan to get the Group to a reasonable position had been costed. The Executive Director explained she had costed the National Living Wage which will come into effect from April and was looking at a second piece of work of what would take us to get to a comfortable position. It was incredibly challenging.</p>		
<p>Andrew asked why schools were able to pay more for teachers than colleges. It was explained the school</p>		

system was able to pay more for GCSE and A Level teachers because they are still public sector whereby colleges are independent corporations.

Work had been carried out to remove some of the lower pay scales for GCSE and maths teachers, where pay scales were lower compared with schools.

In order to train up the best sector specialists, the Group needs to recruit the best sector specialists to teach. At the moment the Group is unable to complete with industry salaries. The breadth of the offer provided also needed to be considered, competition with training providers but also the FE infrastructure – HR, Estates, IT departments etc.

The Group were developing a management training programme to develop its own talent from within, targeting and investing in individuals they didn't want to lose. Furthermore, a staff utilisation project was planned for the autumn.

The Chair said as a Board they recognised the huge risk and the impact on learner experience.

An overview of industrial relations and litigation was also discussed.

## **07/21-22 PROPERTY AND ESTATES MANAGEMENT REPORT**

A report detailing achievement towards the Property and Estates Management strategy was shared.

The re-structure had impacted on the Estates team. Recruiting to vacancies had proved challenging with many of the roles at the lower end of the pay scale.

Facilities had been reconfigured post pandemic at the Roundhouse.

Increased demand, particularly in areas such as construction, electrical and plumbing had called for options to review ways in which to adapt the floorspace for the workshops and find additional space.

There were objectives within the Property and Estates Strategy to widen participation, with the Department already working with Rolls-Royce, the University of Derby and Bombardier.

A status update was provided in relation the ongoing capital projects and bid applications.

Sub-contracted property management had been discussed earlier in the meeting.

Andrew Cochrane discussed his visit to Broomfield and

said what a fantastic experience it had been. He asked people what he could take away and bring back to the Board. He said all feedback was around capital requests. The Director of Estates acknowledged Broomfield was the last of the estate to receive investment and there was a balance between long term development and short-term need.

The Chair raised carbon reduction and asked about progress. The Salix bid had been progressing well with the removal of the old coal boilers. The SECR requires mapping carbon per employee. There was a carbon reduction plan in place and it was hoped to get back to national parameters with the new boilers in place.

It was clarified the SECR Annual report was presented annually to the Corporation, but progress updates would be shared at this meeting.

**08/21-22 IT AND DIGITAL REPORT**

The Director of IT presented his report. There were no exceptions to the strategy at the current moment in time.

Global materials and delivery times had led to shortfalls in completing projects and ensuring classrooms were ready.

The Chair said it would be useful to receive positive developments included in the reports.

Furthermore, he asked that the Estates and Systems strategic ambitions be shared. It was suggested the strategy headlines were presented at a future meeting.

**CLERK 23/11/21**

*The meeting finished at 2.30 pm*

Signed: \_\_\_\_\_ Date: \_\_\_\_\_